

Gen Z's mental health crisis begs for a new marketing strategy from banks

Article

The news: A growing number of young people say they're [experiencing declining mental health](#), and in Gen Z, this can manifest as emotional spending.

- Addressing these habits requires a **specialized and sensitive marketing strategy** from financial institutions (FIs).

By the numbers: Just one decade ago, **52%** of 18- to 26-year-olds described their mental health as “excellent.” However, just 15% of Gen Zers say the same today.

- 57% of students feel sad or hopeless most of the time, which is up from 36% of millennials when they were in school.
- This translates into **the most formidable emotional spending habit of any generation**—something 59% of Gen Zers admit they struggle with.
- Gen Zers **have also taken to Buy Now Pay Later (BNPL)**, which makes emotional spending even easier. These young shoppers rely on embedded finance over three times more than baby boomers.

But Gen Z wants to be more responsible: This self-aware generation knows their habits are detrimental to their financial wellness, and they want to change.

- An Ernst & Young study found that **almost 40%** of Gen Z worry they make the wrong decisions with their money.
- Gen Z’s desire to improve their finances is so strong that 39% have a side hustle or part-time work in addition to their full-time jobs. **They’re putting in the work, but they need help from experts who can help them meet their financial goals.**

What can banks do about it? While 23 states now require students graduating from high school to demonstrate basic financial literacy, many 18- to 26-year-olds have made it to adulthood without learning these skills.

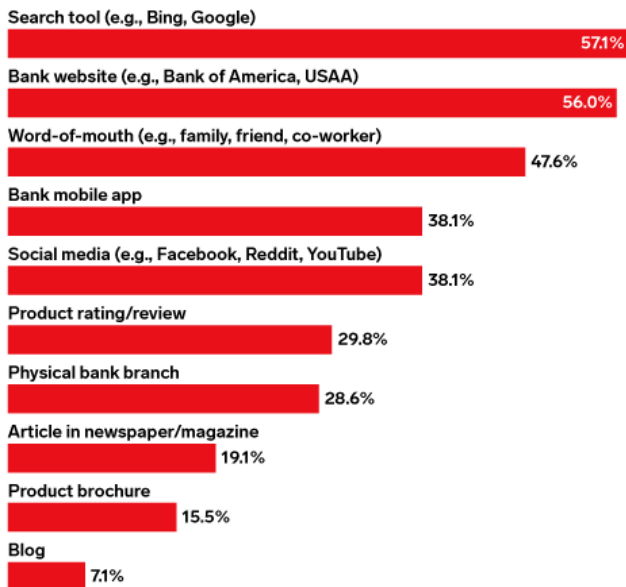
- **A whopping 79%** of Gen Zers want to save more, and want a better understanding of personal finance. And they also want personalized banking solutions at every turn.
- Offering robust, hyper-personalized saving and personal finance educational resources that meet Gen Zers where they are, at the right time, requires a **thorough understanding of customer data**—that’s something generative AI can help with.

Here’s where the marketing team comes in: Offering personalized solutions isn’t *quite* enough—Gen Z has grown up with the internet at their fingertips, but hasn’t found the answers

to their financial struggles on their own. FIs should market their expert partnership everywhere Gen Z spends money—and in their language.

- For example, **67%** of Gen Zers say that TikTok influences their purchasing decisions. FIs wanting to connect with this generation should run targeted social media campaigns offering expert advice, and advertising their personal finance solutions that could help this generation meet their financial goals on this medium.
- Where FIs offer their embedded finance solutions, they should also cross-market products and solutions that help Gen Z save.

Sources US Gen Z Banking Consumers Use to Research Banking Products/Services, Oct 2023
% of respondents



Note: n=84 ages 18-26 who research banking products online, Q: "What sources do you use to research banking products or services? Select all that apply."
Source: Insider Intelligence | eMarketer Survey, US Banking Consumer Habits, Nov 2023

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